PACKAGING

THE CAHNERS MAGAZINE FOR DECISION-MAKERS/JANUARY 1989

CHOOSING THE RIGHT CODING SYSTEM

Ice Cream Packaging Line Runs By Consensus

Packagers Eye Recycled PET For Primary Uses

Preview of the Food Processors Exhibition

Microporous Plastic Is Heart Of New Applicator

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EDITORIAL OFFICES
DES PLAINES, ILL. 60017-5080
Cahners Plaza
1350 E. Touhy Ave. P.O. Box 5080
312/635-8800

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NEWS

Dial Sells Can Plant To Silgan

Buyer will continue to supply cans, lids to Dial

The Dial Corp. recently announced it has agreed to sell its Fort Madison, Iowa can manufacturing facility to Silgan Containers Corp. of Burbank, Cal. Terms were not disclosed.

The Fort Madison facility employs approximately 100 persons, and manufactures aluminum cans and easy-open lids for processed foods, used primarily at Dial's food plant located nearby. Under terms of a supply agreement, Silgan will fulfill Dial's requirements for containers and lids.

Dial, a wholly owned subsidiary of The Greyhound Corp., says it is selling the plant to redeploy capital to its growing stable of new products. Silgan operates 14 facilities, producing cans and folding cartons throughout the U.S.

Tin Mill Producers Group Touts Rebirth of Steel Beverage Cans

Industry will tackle antiquated image

The steel beverage can is back—but the industry still has a lot of work ahead to change the antiquated image of the container, and of steel in general. That was the focus of a presentation given at the recent Interbev show in Atlanta by Charles G. Carson, marketing, development and technology manager with USS, a division of USX Corp.

Carson pointed out some of the recent advancements made in the steel industry. It takes only 4.6 manhours now to produce a ton of steel—a 50 percent reduction over previous requirements. Using new continuous-cast steel-making technology, rejection rates are only 5 percent overall, with some months having only a 1 percent rejection rate for finished containers. Capital investment by the steel industry is also up, reaching $7.8 billion in 1988 for equipment such as statistical process control systems and high-speed inspection.

Carson also hinted at increased market share for steel cans in the soft-drink and beer industry. Currently, steel cans account for only 8 percent of all cans. By 1990, the Tin Mill Products Group of the American Iron and Steel Institute projects a doubling of that figure, to 16 percent.

Steel-can recycling is moving forward as well. The newly formed Steel Can Recycling Institute expects to recycle 400,000 tons of steel cans through about 25 different facilities nationwide in 1988. For example, the Gary, Ind., USS plant recycled 10,000 tons last year, which is only 25 percent of its total recycling capacity. Also, technological advances have made the recycling of bi-metal steel cans easier.

Student Design Awards Include Work Experience

U.K.'s Starpack contest offers student internships

For industrious U.K. package design students, a winning design may mean not only prize money and a trophy—but a temporary job. Three work experience internships are among the prizes offered in the 1988-89 Student Starpack Design Awards, organized by the U.K.'s Institute of Packaging.

In addition to cash prizes totalling over £1800 ($3150), the internships are a practical incentive in the well-established competition, open to all potential packaging designers from colleges throughout the U.K.

"Its aim is to encourage young people to address the real-life demands of the market in all aspects of packaging design, and its long-term objective is to contribute to the raising of standards of commercial packaging design in the U.K.," says a statement by Graphic Partners of Edinburgh, the sponsor of one of the internships.

Gold, silver and bronze awards, and special prizes, will be presented during Pakex 89, set to take place in Birmingham in April.

Plastic Industry Growth Continues As It Focuses On Challenges

Estimated overall use rises 5.3% in '88; packaging use remains stable at 30.4%

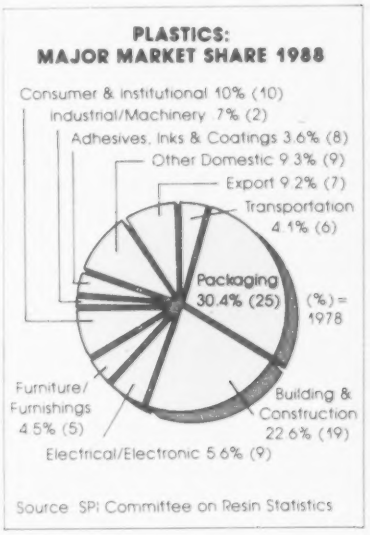
The plastics industry scored its sixth consecutive record year in 1988, though the pace of growth slowed from 1987's performance.

Industry-wide sales and captive use rose 5.3 percent in 1988, according to preliminary figures released by the Society of the Plastics Industry at a press conference in Washington, D.C. December 1. The industry grew 11.1 percent in 1987.

"The plastics industry maintains a firm commitment to growth," said SPI president Larry L. Thomas. While acknowledging the industry also faces increasing public challenges, "I'm optimistic even about the challenges," Thomas said.

Thomas, along with SPI government affairs vice president Lewis Freeman and Donald Shea, executive vice president of the recently formed Council for Solid Waste Solutions, detailed the many challenges facing the industry and outlined what the groups are doing to address solid waste and other issues.

Industry-wide production was estimated to grow at a 6.6 percent clip in 1988, according to Robert Snyder, chairman of SPI's Committee on Resin Statistics and a market research associate at Dow Chemical Co.



Materials showing above-average growth last year included polypropylene and thermoplastic polyesters, including PET. Both low- and high-density polyethelenes recorded less than average growth, with supply problems blamed in part for the slower growth.

Packaging's percentage of the industry's volume remained steady in 1988 at 30.4 percent.

French Firm To Buy American National Can

Pechiney S.A. makes $3.86 billion deal with Triangle

France's state-owned Pechiney S.A. will acquire Chicago-based American National Can Corp., the world's largest packaging firm, by buying Triangle Industries Inc. for $3.86 billion and then selling the firm's smaller, nonpackaging business back to Triangle's majority owners for $225 million.

Pechiney, the world's third-largest aluminum producer, will thus own American National Can, the world's largest can producer. It provides about 25 percent of the world's food and beverage cans, and consumes 600,000 tons of aluminum per year.

The French firm will pay $56 per share for Triangle's shares, 63 percent of which are owned by majority owners Nelson Peltz and Peter W. May. Pechiney will also assume Triangle's whopping $2.6 billion debt, incurred when May and Peltz created American National Can through a series of leveraged buyouts managed by Drexel Burnham Lambert.

Triangle's stock jumped from $10.37 to $46.25 per share after the merger was announced.

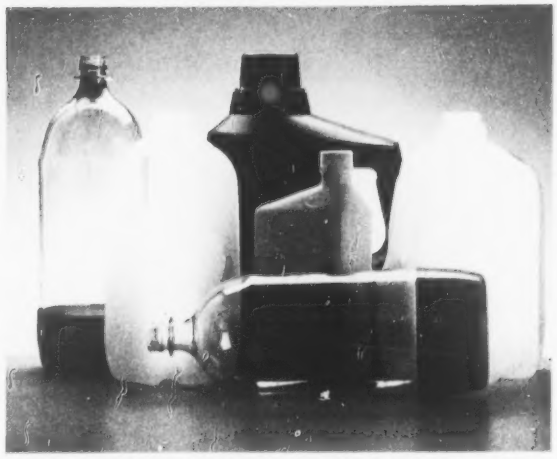
RECYCLING NEWS

Partners To Reclaim Plastic Bottles

Construction industry seen as big customer

A new recycling operation formed by The Dow Chemical Co. and a Canadian corporation could begin removing at least 50 million pounds of HDPE and PET annually from the waste stream by 1990, according to a Dow spokesperson. The spokesperson adds that the amount of post-consumer bottles recycled each year by the new company could quickly reach 100 million pounds or more.

Domtar Inc. of Montreal, Que., and Dow signed a letter of intent in September to form a jointly owned plastics recycling company. A pilot plant could be up and running in 1989; design and construction of a full-scale commercial plant could be completed as early as 1990.



Containers of HDPE and PET like these are likely to find new use in construction materials as a result of cooperation between Dow Chemical and Canada's Domtar.

Key to the operation is a proprietary recycling process which Dow says will result in particularly pure HDPE and PET—perhaps pure enough to obtain FDA approval for use in foods packaging. Whether used for foods or not, the spokesperson notes, new containers made from old seem likely to be well-received by packagers. "Some of our customers have told us that being able to label a bottle as made from recycled plastic would be a good idea."

Resin made from the reclaimed bottles, says the spokesperson, "will have a high market value. It will be competitive with other resins."

In addition, the Dow source says, Domtar has identified 20 uses for recycled HDPE and PET in the construction industry, to which the Canadian company has been supplying products made from waste paper. Nowhere in the list of possible products is the plastic "lumber" that some recycling advocates have touted. "Instead," the Dow spokesperson says, "Domtar products made from post-consumer bottles will not be particularly innovative but will be already familiar to construction industry professionals."

The Dow spokesperson says the ideal bottle-collection system is voluntary, curbside sorting by consumers. "Dow has never been in favor of bottle laws, taxes or other restrictions on free enterprise." Sorting of recyclable materials by consumers will happen, he says, "because of economics and not because people will be compelled by government regulations to recycle."

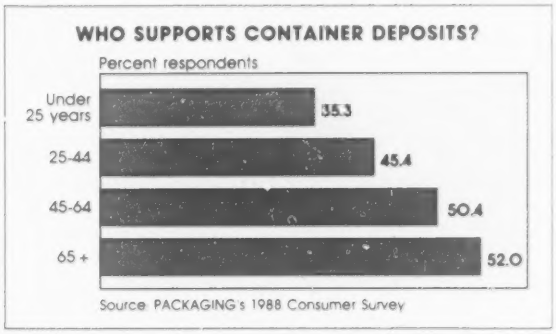
Symposium Looks At Degradability

Chemical giant cites lack of understanding

During a recent symposium on degradable plastics, a Mobil Chemical Co. executive expressed doubt that biodegradable plastics would be able to significantly reduce the amount of waste that is currently being landfilled.

"Manufacturers are facing increasing pressures to provide degradable plastic products," said Robert J. Barrett, Mobil's general manager for solid-waste management solutions. "We believe these pressures are generated by a lack of understanding of the nation's solid-waste problem."

He added, "Biodegradation of plastic or paper in a landfill takes many years to happen—far too long to extend landfill life." As proof, another participant at the symposium showed photographs of 10-year-old landfill refuse including corn on the cob that looked almost as fresh as yesterday's leftovers.



Deposit Law Support Varies With Consumer Age

Seniors like the idea most of all

Consumers living in states that do not currently require payment of deposits on beverage containers are evenly divided for and against such laws. Among the 50 percent of consumers who support deposit regulations, young adults like the idea least; senior citizens prefer it most.

Results of PACKAGING magazine's 1988 Consumer Survey show that only 35.3 percent of survey respondents 25 years old or younger would vote for a state-wide deposit bill if they could be sure it would help recycling. However, 52 percent of respondents over 65 years of age say they would vote to enact a deposit law.

In all, 756 households out of the total survey group of 1,000 responded to PACKAGING's most recent annual study of consumer opinion. A full report on the results appeared in our June issue.

Glass Program Wins Award

Recycling group cites the Nickle Solution

The National Recycling Coalition recently presented the glass industry with an award for outstanding achievement in promoting glass recycling.

The NRC, which is composed of more than 1,000 environmental and recycling experts from the public and private sectors, applauded the glass industry's Nickle Solution program for its role in helping to stimulate recycling efforts.

The Nickle Solution, created in 1985, is funded by contributions from glass workers and their employers. This cooperative effort between labor and management serves to promote the use and recycling of glass containers.

For more information on the Nickle Solution program and glass recycling in general, contact the Glass Packaging Institute, 1801 K St., N.W., Suite 1105-L, Washington, D.C. 20006.